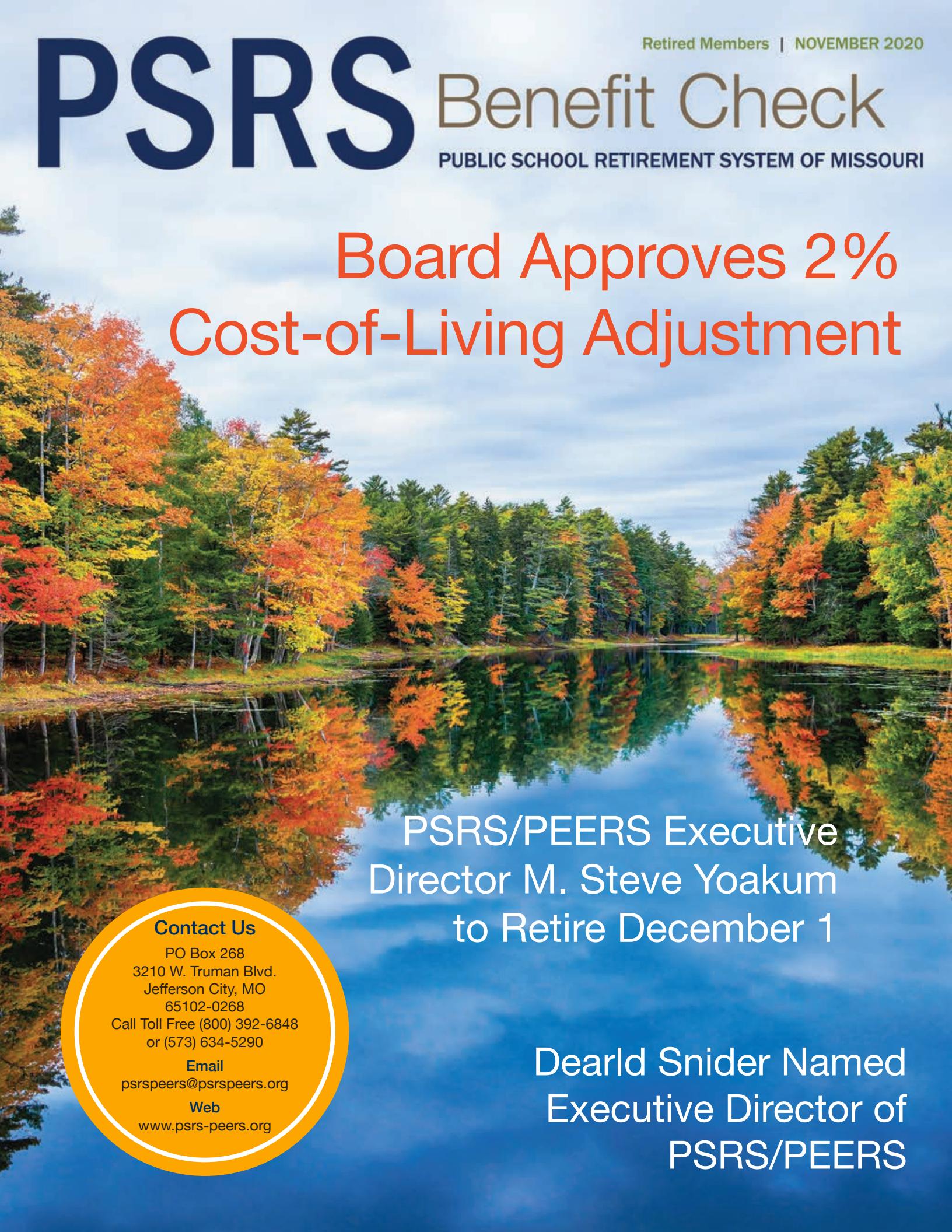




Benefit Check
PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

Board Approves 2% Cost-of-Living Adjustment



A wide-angle photograph of a lake surrounded by a dense forest. The trees are in full autumn colors, with shades of red, orange, yellow, and green. The calm water of the lake perfectly reflects the surrounding trees and the sky above, creating a symmetrical and peaceful scene.

PSRS/PEERS Executive
Director M. Steve Yoakum
to Retire December 1

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Dearld Snider Named
Executive Director of
PSRS/PEERS



- 2** Contribution Rates Unchanged for New School Year
- 3** Board Approves 2% Cost-of-Living Adjustment
- 4** Volatile Investment Markets in 2020
- 5** Your Retirement System Remains Well-Funded
- 6** PSRS/PEERS Executive Director M. Steve Yoakum to Retire December 1
- 8** Dearld Snider Named Executive Director of PSRS/PEERS
- 9** Your Annual **Benefit Statement** Coming in January
- Income Taxes and Your PSRS Benefits
- 10** Is Your Beneficiary Designation Up-to-Date?
- PSRS/PEERS Benefits are Good for Missouri
- 11** Where Do PSRS Retirees Live?
- Sign up for E-Newsletters

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Contribution Rates Unchanged for New School Year

At the October 26, 2020 PSRS/PEERS Board of Trustees meeting, the Board voted to maintain the current active member and employer contribution rates at their current levels for the upcoming school year. The 2021-2022 school year runs from July 1, 2021 to June 30, 2022.

Based on PwC's recommendation, PSRS contribution rates will remain as follows:

2021-2022 PSRS Contribution Rates

Member Rate	Employer Rate	Combined Rate
14.5%	14.5%	29%

Contribution rates have held steady since 2011.

"It has been a goal to keep the contribution rates steady for our working members for as long as possible. It is a testament to the diligence and expertise of our Board and staff that we remain well-funded enough to do so again this year."

Steve Yoakum, PSRS/PEERS Executive Director

Board Approves 2% Cost-of-Living Adjustment

At the October 26, 2020 PSRS/PEERS Board of Trustees meeting, the Board voted to grant a 2% cost-of-living adjustment (COLA) for eligible benefit recipients effective January 1, 2021.

The COLA decision is based in part on the Board's current COLA policy, which takes into consideration the increase in the Consumer Price Index for Urban Consumers (CPI-U) as determined by the U.S. Bureau of Labor Statistics for the previous fiscal year, as well as the recommendation of the Systems' actuary, PricewaterhouseCoopers (PwC).

Each year, PwC performs an actuarial valuation of the Systems and presents it to the Board at the October meeting. It includes a detailed look at factors that impact the funded status of the Systems. This information is studied by the Trustees and used in making financial and funding decisions for the Systems.

It is the Board's fiduciary responsibility to the Systems and members to make decisions that are consistent with maintaining the Systems' ongoing financial health and strong funded status. Based on this year's actuarial valuation, and in accordance with both statutory limitations and the COLA policy, PwC recommended a 2% COLA. The Board voted in agreement with PwC's recommendation.

PSRS/PEERS COLA Policy	
CPI-U	COLA
Less than 0.0%	0.0%
0.0% to 2.0%	0.0% when CPI-U is cumulatively below 2.0%
0.0% to 2.0%	2.0% when CPI-U cumulatively reaches 2.0% or more*
2.0% to 5.0%	2.0% when the CPI-U is at least 2.0%, but less than 5.0%
5.0% or more	5.0%

*Resets cumulative COLA calculation after a COLA is provided.

Since a COLA was not granted in January 2020, the 1.65% change in the CPI-U from the previous fiscal year carried over and was added to this fiscal year's cumulative calculation. Therefore, the change in the CPI-U during fiscal year 2020 needed to be 0.35% or more in order for eligible retirees to receive a 2% COLA in January 2021 under this policy. The actual increase was .65%. The calculation is as follows:

Period	Change in CPI-U	Final Results
Fiscal Year 2018-2019	1.65%	No COLA Granted
Fiscal Year 2019-2020	.65%	
Cumulative CPI-U as of June 30, 2020	1.65% + .65%	Basis for January 1, 2021 COLA

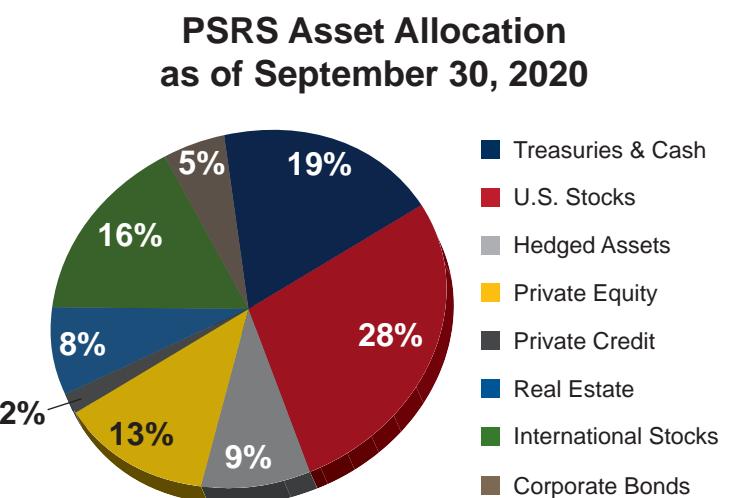
Volatile Investment Markets In 2020

It seems like 2020 has been a very long year. If you think back to January and February, the U.S. stock market was hitting all-time highs and the economy was strong. However, the world as we knew it would quickly change with the advent of the coronavirus pandemic. In a blink of an eye, world stock markets declined in record fashion. The pandemic, social distancing and wearing a mask became part of our daily lives. But, global stock markets reversed course abruptly. The U.S. stock market recovered all the losses suffered during COVID-19 by the beginning of August.

The 35% drop for the S&P 500 U.S. stock market index in the six weeks earlier this year was the fastest move ever into a bear market (defined as a decline of 20% or more) as the economy shut down and the virus spread throughout the country. The bounce back was also a record as the S&P 500 recovered all its losses in just 126 trading days. The significant volatility in the markets this year (especially the sudden rebound) is even more surprising amidst a U.S. recession, high unemployment levels, a pandemic and uncertainty over a presidential election.

In some respects, the market instability is not a surprise, as PSRS and PEERS have weathered many challenging investment environments in the last 75 years, including the stock market crash of 1987, the bursting of the dot-com bubble in the early 2000s, the 9/11 attacks in 2001 and the Global Financial Crisis (GFC) in 2007 and 2008.

Extreme market volatility is one of the many reasons the Systems maintain a diversified investment portfolio. Our long-term goal is to provide **consistent** and meaningful investment returns to support the retirement benefits of our members. As such, we cannot be overly reliant on one specific asset class, such as publicly traded stocks or bonds, because it could result in a significant time-specific drawdown (loss of assets). Instead, we utilize a diversified asset allocation (see chart) which provides PSRS/PEERS with the best opportunity to meet our long-term objectives.



The PSRS/PEERS asset allocation is balanced with a significant distribution to return-seeking assets such as stocks and private equity but also a healthy allocation to more defensive investments such as Treasury securities, cash and hedged assets. Historically low interest rates and market volatility/uncertainty may be part of the investment landscape for several years. As such, we believe it is prudent to maintain a structured portfolio that has an opportunity to participate if the markets continue to move higher, but also has substantial downside protection in the event of a market correction. Additionally, we are spending more time on complementary asset classes (i.e. Private Credit) as an alternative in a low-yielding world. In each year, every specific asset class within the PSRS/PEERS investment portfolio performs a valuable function. The following chart indicates the investment return for each major asset class in the PSRS/PEERS portfolio over the last 10 years, for the period ended September 30, 2020.

10-Year PSRS/PEERS Investment Returns (by Asset Class)

Treasuries and Cash	3.1%
U.S. Stocks	13.2%
Hedged Assets	5.6%
Private Equity	15.4%
Real Estate	10.6%
International Stocks	6.4%
Corporate Bonds	4.2%

Continued from page 4

The Systems' long-term investment objective (actuarial assumption¹) is 7.5% per year. We will not achieve that return every year, but expect to meet or exceed that return over long periods of time. For example, the PSRS/PEERS investment return for calendar year 2020 (January 1, 2020 through September 30, 2020) is approximately 3.8%. Most importantly, the total plan return of 8.7% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption¹) and the total plan policy benchmark return² of 8.1%.

10-Year Investment Results Period Ending 9/30/20

PSRS/PEERS Investment Return	8.7%
PSRS/PEERS Actuarial Assumption ¹	7.5%
Benchmark Return ²	8.1%

The market value of invested assets for PSRS and PEERS combined were approximately \$47.4 billion on September 30, 2020, making the joint entity larger than all other public retirement plans in Missouri combined, and the 45th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psrs-peers.org.

¹The Board of Trustees long-term investment return objective was reduced to 7.5% effective July 1, 2018.

²The plan policy benchmark is a standard to measure investment performance and indicates the return of the PSRS/PEERS asset allocation if passive market rates of return were achieved.

Your Retirement System Remains Well-Funded

As of June 30, 2020, PSRS was 84% pre-funded and PEERS was 86.3% pre-funded. This means, that as of the end of our last fiscal year, PSRS/PEERS had enough assets on hand to pay more than 80% of all present and projected future benefits with today's dollars.



PSRS/PEERS Executive Director M. Steve Yoakum to Retire December 1

After 43 years in the pension industry and 22 years serving as the executive director of PSRS/PEERS, M. Steve Yoakum will retire effective December 1, 2020.

"Serving as the executive director of PSRS/PEERS has been the highlight of my career, but after much personal and professional consideration, I have decided it is time to step down. I wish PSRS/PEERS nothing but continued success in the future carrying out the important mission of helping our public school districts, educational associations and community colleges attract and retain the highest quality educators, staff and administrators for Missouri's schools, while simultaneously providing retirement security for tens of thousands of dedicated retired Missouri educators and education employees."

M. Steve Yoakum, PSRS/PEERS Executive Director

During his tenure, PSRS/PEERS has grown from \$8 billion in invested assets to \$45.6 billion as of June 30, 2020, and has a prefunded status of 84%/86.3%, respectively. The number of retirees was just over 31,000 and has grown to more than 97,000, with staff growing from 39 to 139. His passion for the pension industry and the education community has cultivated a culture of excellence and a commitment to the highest standard of service.



M. Steve Yoakum

Prior to joining PSRS/PEERS, Yoakum was the managing director of Rockwood Capital Advisors of St. Louis, the executive director of the Missouri State Employees' Retirement System (MOSERS) and the assistant director of the Missouri Local Government Employee's Retirement System (LAGERS). Yoakum was also the first full-time executive director of Missouri's pension review board, the Joint Committee on Public Employee Retirement (JCPER).

M. Steve Yoakum
1994



M. Steve Yoakum, 2018



M. Steve Yoakum pictured with wife Cathy Yoakum at the National Council on Teacher Retirement Conference (NCTR), 2011



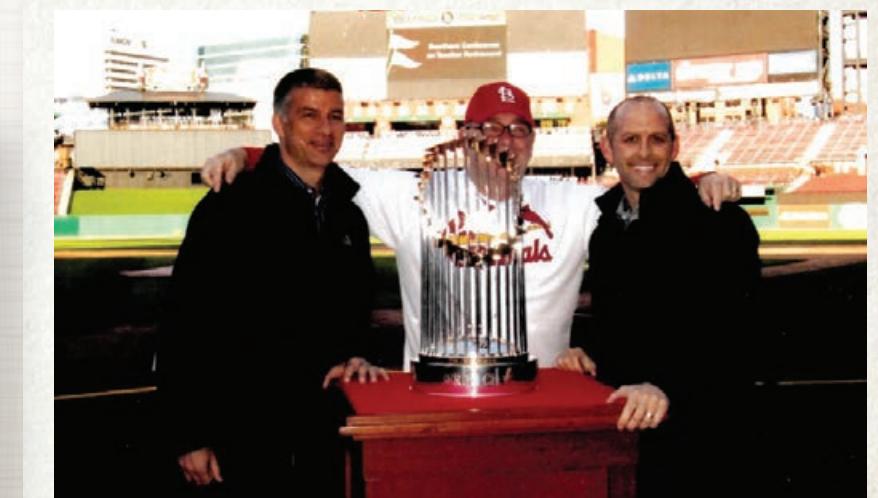
Pictured left to right: Mary Hiatte, M. Steve Yoakum, Tina Zubeck and Rob Rust at NCTR Conference, 2009

Continued from page 6

"Steve is a well-respected name in the pension industry, and it has been a privilege to work with him and call him our own executive director. His leadership and knowledge of the industry will be missed, but on behalf of the Board, I wish him all the best."

– PSRS/PEERS Board Chair Jason Hoffman

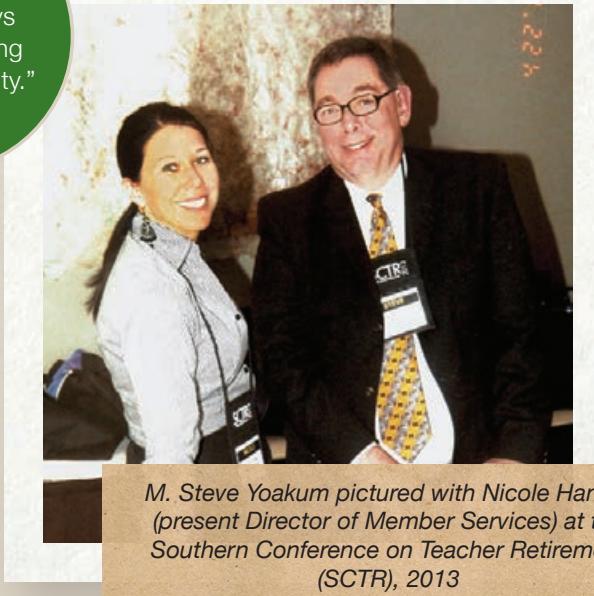
Yoakum will join his wife Cathy, a former teacher, as a retiree of the Systems. He has two sons; Jeff and Michael; a daughter, Julie, who is currently a teacher at Lindbergh High School; and a granddaughter.



Pictured left to right: Craig Husting (Assistant Executive Director, Investments, CIO), M. Steve Yoakum and Dearld Snider (Assistant Executive Director, Operations) at Busch Stadium, 2011

"The truth is – that a life well lived is always lived on a rising scale of difficulty."

– N.D. Wilson



M. Steve Yoakum pictured with Nicole Hamler (present Director of Member Services) at the Southern Conference on Teacher Retirement (SCTR), 2013

Dearld Snider Named Executive Director of PSRS/PEERS

Dearld Snider has been named executive director of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) effective December 1, 2020.



Dearld Snider

Snider, who currently serves as PSRS/PEERS' assistant executive director, operations, replaces M. Steve Yoakum, who will retire December 1 after 22 years in the position. Upon Yoakum's announcement to retire, the PSRS/PEERS Board of Trustees retained EFL Associates to assist in the national search for a new executive director.

"Dearld has a proven track record of results for PSRS/PEERS. He has a solid understanding of the Systems based on practical experience. I am confident he will lead the Systems with the same dedication and energy he has shown in his current and past roles here."

Steve Yoakum, PSRS/PEERS Executive Director

Snider has been with PSRS/PEERS since January 2006, serving as director of member services prior to being named assistant executive director, operations. As assistant executive director, Snider's primary responsibilities include day-to-day system operations and acting in an advisory capacity to the PSRS/PEERS executive director and Board of Trustees.

"It is very exciting and humbling to have the opportunity to continue serving PSRS/PEERS as executive director," Snider said. "Steve (Yoakum) has provided outstanding service for our members, employers, Board of Trustees, and staff for more than 20 years. I look forward to working to ensure we continue to provide the highest level of service for all our stakeholders, and retirement security for our members."

His career began at Missouri Consolidated Health Care Plan, where he served for over three years. In 1999, he joined the Missouri State Employees' Retirement System (MOSERS) and became an active member in the National Pension Education Association (NPEA) serving on their board of directors for six years.

Snider graduated with a Bachelor of Arts degree in political science from the University of Missouri-Columbia in 1995. He later received his Master of Business Administration from William Woods University in 1998. In January 2009, he was appointed to the Firefighter's Retirement Board in the City of Columbia where he served a four-year term.

He resides in Columbia, Missouri, with his wife, Amber. They have two daughters, one attending Columbia Public Schools and one attending the University of Missouri-Columbia.



Your Annual **Benefit Statement** Coming in January

In January, you will receive your annual PSRS **Benefit Statement**. The **Benefit Statement** is a comprehensive summary of your PSRS membership and your monthly benefit as of January 31, 2021.

This important document is a record of your:

- Benefit amount
- Tax information and withholding amounts
- Benefit plan and benefit history
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

If you would prefer to skip the paper statement next year and receive an email notification when your **Benefit Statement** is ready to view online, please visit Web Member Services at www.psrs-peers.org and update your communication preferences by selecting "My Profile" at the top of the page, and then "Change Communication Preferences."

We recommend that you review your statement to see if you need to make updates to your contact information or beneficiary designation with PSRS.

- You can update your mailing address, phone or email address by logging in to Web Member Services at www.psrs-peers.org or using a **Member Information Change Form** available on our website or from our office.
- Please contact us with any questions about changes to your post-retirement beneficiary designation.

Income Taxes and Your PSRS Benefits



IRS Form 1099-R

Your 2020 IRS Form 1099-R will mail in January. This tax document shows the total funds you received from PSRS in calendar year 2020, the taxes withheld, and the dollar amounts considered taxable income. You will need this form when filing your 2020 income tax returns. If you have a professional tax advisor, we suggest that you make this information available for his or her review.

Missouri Public Pension Exemption

For tax year 2020, married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000 may deduct up to 100% of their public retirement benefits (such as PSRS service retirement benefits), to the extent the amounts are included in their federal adjusted gross income.

Married couples with Missouri adjusted gross income greater than \$100,000 and single individuals with Missouri adjusted gross income greater than \$85,000, may qualify for a partial exemption.

There is no age requirement for eligibility.

Visit www.dor.mo.gov for more information regarding eligibility or contact the Missouri Department of Revenue at (573) 751-3505, email income@dor.mo.gov or consult a tax professional for more information.

Is Your Beneficiary Designation Up-to-Date?



Help Us Make Sure We Can Pay Benefits According to Your Wishes

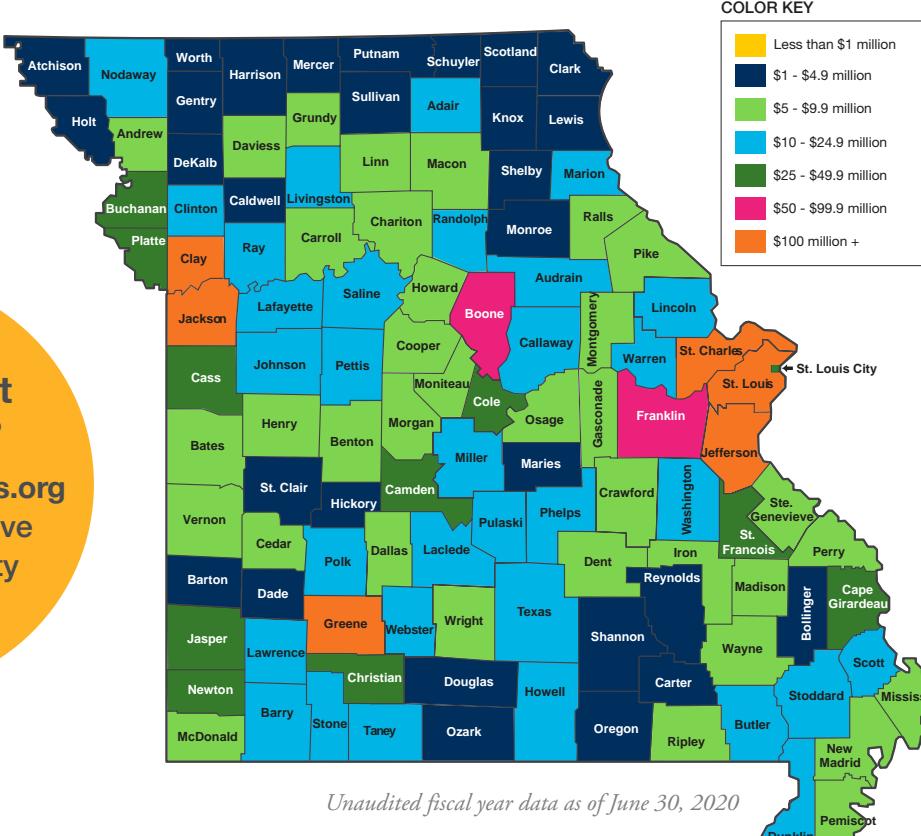
It is important to keep your beneficiary designations with PSRS up-to-date to ensure any benefits payable to your loved ones upon your death are distributed according to your wishes. You can see your current beneficiary designations by logging in to Web Member Services at www.psrs-peers.org or by referring to your annual *Benefit Statement*.

Disability retirees and service retirees who selected the Single Life benefit plan or a Term-Certain benefit plan can update beneficiary designations at any time using forms available on our website or by contacting our office. Your beneficiary for the \$5,000 Death Benefit can also be updated at any time.

If you selected a Joint-and-Survivor benefit plan at retirement, you can only change your beneficiary if you designated your spouse at retirement and a death or divorce has occurred. If this is the case, please contact us for more information.

PSRS/PEERS Benefits are Good for Missouri

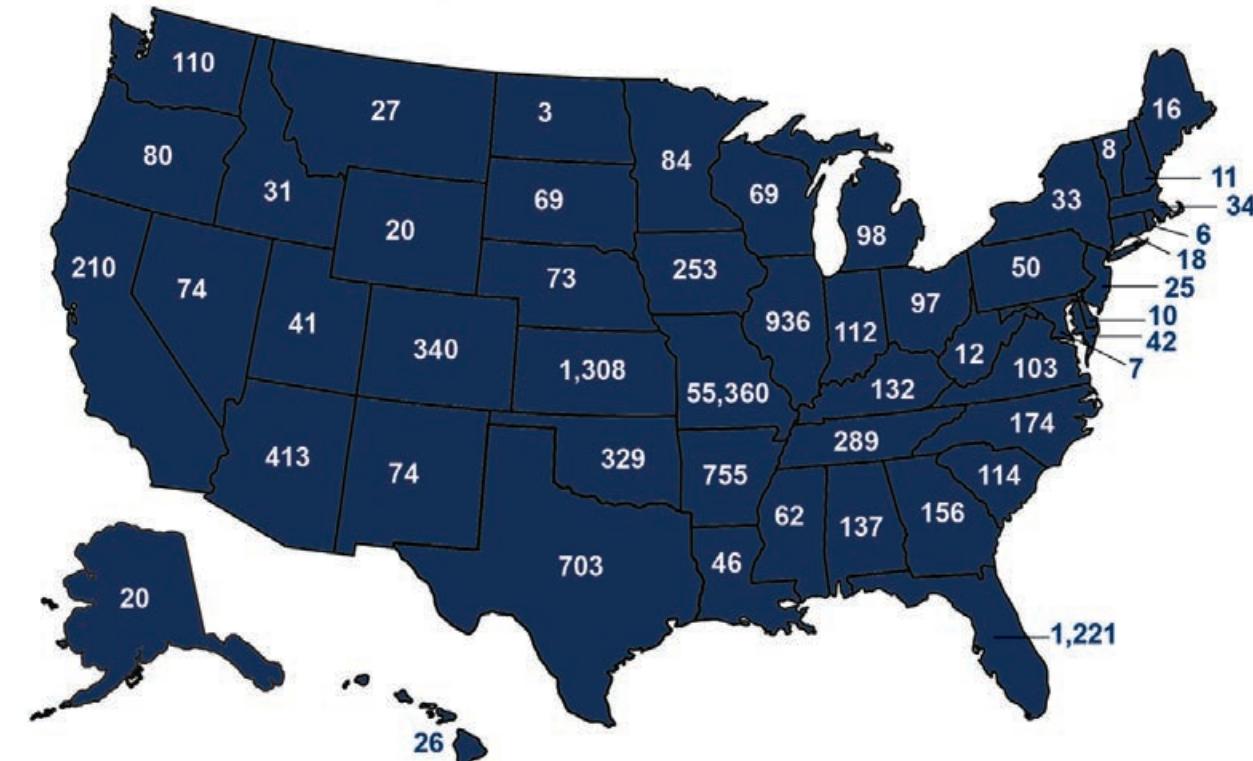
As of June 30, 2020 over 97,000 individuals received benefits from PSRS/PEERS. Total annual benefits paid were nearly \$3.1 billion. Of this amount, more than \$2.7 billion, or 89%, was distributed among Missouri's 114 counties, positively impacting both state and local economies.



Curious about your county?
Visit www.psrs-peers.org to use our interactive Benefits by County map.



Where Do PSRS Retirees Live?



Total PSRS Retirees Living Inside the U.S.: 64,430*

*Includes 4 in the U.S. Virgin Islands

PSRS Retirees Living Outside the U.S.: 22

Unaudited as of June 30, 2020

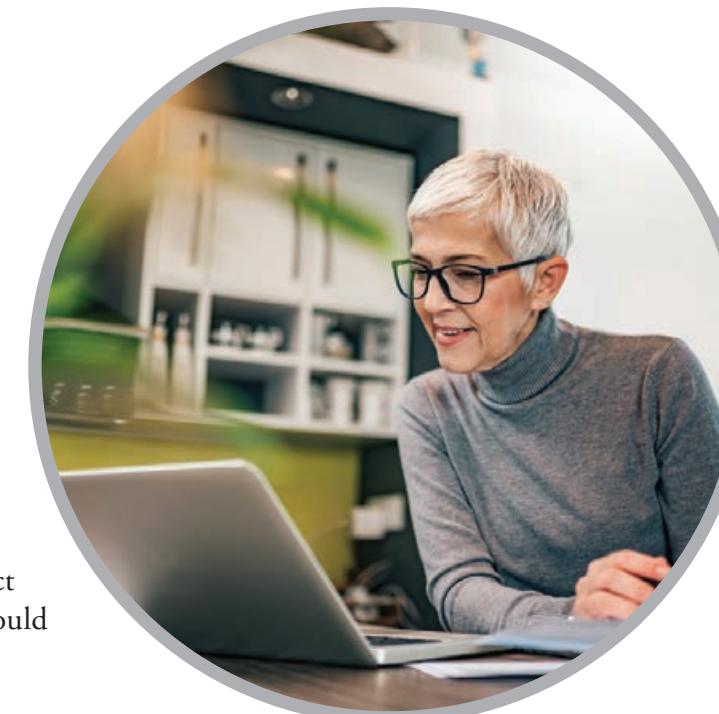


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Sign up today and join almost 52,000 other PSRS members who receive their newsletters via email.

Simply log in to Web Member Services at www.psrs-peers.org and select "My Profile" at the top of the screen. From there, select "Change Communications Preferences" and indicate that you would like to receive future newsletters by email.





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